

IRS Fact Sheet

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IRS Combats Identity Theft and Refund Fraud on Many Fronts

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Stopping identity theft and refund fraud is a top priority for the IRS. The agency's work on identity theft and refund fraud continues to grow, touching nearly every part of the organization. For the 2013 filing season, the IRS has expanded these efforts to better protect taxpayers and help victims.

By late 2012, the IRS assigned more than 3,000 IRS employees — over double from 2011 — to work on identity theft-related issues. IRS employees are working to prevent refund fraud, investigate identity theft-related crimes and help taxpayers who have been victimized by identity thieves. In addition, the IRS has trained 35,000 employees who work with taxpayers to recognize identity theft indicators and help people victimized by identity theft.

Refund Fraud Detection and Prevention

The IRS continues to increase its efforts against refund fraud, which includes identity theft. During 2012, the IRS protected \$20 billion of fraudulent refunds, including those related to identity theft, compared with \$14 billion in 2011.

The IRS has expanded our efforts on refund fraud detection and prevention for the 2013 tax season in several ways:

- For 2013, there has been a significant increase in the number and quality of identity theft screening filters that spot fraudulent tax returns before refunds are issued. The IRS has dozens of identity theft filters now in place.
- IRS Criminal Investigation tripled the number of identity theft investigations in Fiscal Year 2012, starting 900 investigations. Nearly 500 people have been indicted across the country. Several hundred more investigations have started since October.

- The IRS expanded a pilot program that allows local law enforcement agencies in nine states to obtain tax return data that helps us investigate and pursue identity thieves. More than 65 law-enforcement agencies are involved in this effort.
- The IRS is collaborating with more than 130 financial institutions to identify identity theft fraud schemes and block refunds from reaching the hands of identity thieves. This effort has protected hundreds of millions of dollars so far.

Increasing Efforts to Help Victims

The IRS understands that identity theft is a frustrating, complex process for victims. While identity thieves steal information from sources outside the tax system, the IRS is often the first to inform a victim that identity theft has occurred.

While the IRS has made considerable progress in this area, more work remains. Fighting identity theft is an ongoing battle as identity thieves continue to create new ways of stealing personal information and using it for their gain. Identity theft cases are among the most complex handled by the IRS. The IRS is continually reviewing processes and policies to minimize the incidence of identity theft and to help those who find themselves victimized. Among the steps underway to help victims:

- IP PIN expansion. The IRS continues to expand the number of Identity Protection Personal Identification Numbers (IP PINs) being issued to victims. The IP PIN is a unique identifier that shows that a particular taxpayer is the rightful filer of the return. In 2013, the IRS has issued IP PINs to more than 600,000 taxpayers who have been victimized by identity theft. That's more than twice as many as the previous year. The IP PIN will allow these individuals to avoid delays in filing returns and receiving refunds.
- Victim case resolution. The IRS continues to put more and more employees on resolution of victim cases. These are extremely complex cases to resolve, frequently touching on multiple issues and multiple tax years. Cases of resolving identity can be complicated by the thieves themselves calling in. The IRS is working hard to streamline its internal process, but much more work remains. A typical case can take about 180 days to resolve, and the IRS is working to reduce that time period.
- Service options. The IRS is providing information in several ways ranging from a special section on IRS.gov devoted to identity theft to a special phone number available for victims to resolve tax issues. The IRS Identity Protection Specialized Unit is available at 1-800-908-4490.

More information is available on IRS.gov, including the Taxpayer Guide to Identity Theft.

IRS Criminal Investigation

The IRS's Criminal Investigation division is a major component of our effort to combat tax-related identity theft. We will continue to utilize the full capabilities and resources to investigate those who steal from taxpayers through identity theft.

In Fiscal Year 2012, the IRS tripled its number of criminal investigations compared to 2011 by initiating nearly 900 investigations regarding identity theft, which resulted in almost 500 indictments.

For example, in January 2012, the IRS Criminal Investigation division, the Justice Department's Tax Division and local U.S. Attorneys, targeted 105 individuals in 23 states as part of a coast-to-coast enforcement sweep involving the potential theft of thousands of identities. In total, 939 criminal charges were included in the 69 indictments and information related to identity theft.

More [actions are underway in 2013](#), touching on states across the nation.

Beyond the criminal actions, IRS enforcement personnel in January 2012 simultaneously conducted a sweep of approximately 150 money services businesses to help make sure these businesses are not knowingly or unknowingly facilitating identity theft or refund fraud. The visits occurred in nine high-risk locations across the country.

In April 2012, the IRS established a pilot program in Florida, allowing identity theft victims to authorize the IRS to share information with local law enforcement, removing a hurdle previously exploited by identity thieves. The IRS has expanded the pilot to eight more states: Alabama, California, Georgia, New Jersey, New York, Oklahoma, Pennsylvania and Texas. Together, these states represent a large percentage of the overall identity theft refund fraud threat seen at the IRS. More than 65 law enforcement agencies are participating in this effort, and over 1,000 waiver forms have been received from taxpayers. The IRS will expand this effort as needed.

IRS Criminal Investigation has also worked closely with the Tax Division of the Department of Justice on new guidelines to expedite investigations and criminal prosecutions of these fraudsters to deter identity theft refund fraud. We continue working collaboratively on this effort.

For more information, see the special identity theft section on IRS.gov and IRS Fact Sheet 2013-x, Tips for Taxpayers and Victims about Identity Theft and Tax Returns.